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U.S. DEPT. OF AGRICULTURE
MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
July 1966

SEP 20 1966

Number 12

Released Pursuant to \$1090.27(j) and \$1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MILK BASE NOTICE

July is the last month producers will be paid on Base and Excess milk during the year 1966. August and February are so-called "free" months during which producers are neither making or using milk bases. During the 7 months period of August through February payment for producer milk is made at a weighted average (blend) price. This blend price varies from month to month dependent upon the amount of milk used in each class and the price of each class. Bases to be used during March through July 1967 will be calculated from milk deliveries beginning with September 1, 1966 through January 31, 1967. A base is assigned to the producer name (payroll account) as reported by the handler receiving the milk. Producers, especially partnerships, are urged to see that their account (pay check) name is correctly listed with the handler and with the Market Administrator's office.

MARKET SUMMARY - JULY 1966

The Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 3.5% are: Base Milk \$5.44, Excess Milk \$3.24. The butterfat differential is 8.4 cents for each one-tenth of one percent above or below 3.5%. This is a base price increase of 82 cents per cwt. and an excess price increase of 62 cents per cwt. over July 1965.

During July 80.6% of the total producer milk was priced in Class I at \$5.767 per cwt. with a butterfat differential of 8.6 cents and 19.4% priced in Class II at \$3.28 per cwt. with a butterfat differential of 8.2 cents. The daily average use of Gross Class I decreased 6.2% compared with June 1966 and decreased 2.1% compared with July 1965.

The daily average producer deliveries was 558,984 pounds in July 1966, a decrease of 65,737 pounds per day compared with June 1966 and a decrease of 36,869 pounds compared with July 1965. Percentage-wise, July deliveries decreased 10.5% compared with June 1966 and decreased 6.2% compared with July 1965. Base milk was 93.1% and excess milk was 6.9% of producer deliveries. All excess and 13.4% of base milk was priced in Class II at \$3.28 per cwt. and 86.6% of base milk was priced in Class I at \$5.767 per cwt.

LABORATORY ACTIVITIES - Producer Fresh Samples 5,111 - Handler Products 205.

The following pool and non-pool plants filed a report and were subject to Federal Order No. 90 regulation for the month of July 1966.

POOL PLANTS

Chattanooga Area Milk Producers Assn.
Grant-Patten Milk Co., Inc.
Happy Valley Farms, Inc.
Home Stores, Inc.
Mayfield Dairy Farms, Inc.

Ray Moss Farms, Inc.
Sealtest Foods - Chattanooga

NON-POOL PLANTS*

Sealtest Foods - Knoxville
Stoffell's Dairy

* Regulated pool plants under Knoxville Federal Order No. 101

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% July '66 Over July '65	July 1966	June 1966	July 1965
Number of Plants (Pool and Non-Pool)		9	11	11
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk - Base	- 2.0	520,301	579,064	531,033
- Excess	- 40.3	38,683	45,657	64,820
- Total	- 6.2	558,984	624,721	595,853
Other Source	+ 46.5	37,340	30,437	25,480
Other Federal Orders	- 58.1	10,207	9,301	24,361
Total Milk Receipts	- 6.1	606,531	664,459	645,694
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	- 7.8	353,639	355,660	383,624
Fluid Skim	+ 37.2	29,405	26,355	21,437
Buttermilk	- 4.0	41,449	41,819	43,159
Flavored Milk and Drink	- 0.3	14,446	14,330	14,488
Fluid Cream (Sweet and Sour)	+ 5.4	2,934	2,933	2,784
Other (Shrinkage, Inventory, etc.)		681	7,506	4,765
Transfers to Non-Pool Plants		19,424	43,652	1,759
Total Class I Milk	- 2.1	461,978	492,255	472,016
Class II Uses:				
Ice Cream Mixes		65,497	53,627	58,341
Cottage Cheese		38,179	34,439	20,547
Powdered and Condensed Milk		6,504	38,855	46,958
Livestock Feed and Skim Dumped		7,292	6,405	6,081
Shrinkage Class II		9,199	10,677	11,461
Other (Butter, Inventory, etc.)		10,068	(1,424)	(18,512)
Transfers to Non-Pool Plants		7,814	29,625	48,802
Total Class II Milk	- 16.8	144,553	172,204	173,678
Class I Pounds in Marketing Area	- 2.0	283,239	291,619	288,932
Class I Pounds Outside Marketing Area	- 2.4	178,739	200,636	183,084
% Producer Milk of Gross Class I		121.0	126.9	126.2
% Producer Milk priced in Class I		80.6	76.4	77.1

AUGUST 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

Per \$ 1090.51(a)	Aug. '66	July 1-4 '66	July 5-31 '66	Aug. '65
Basic Formula	\$4.05	\$3.82	\$4.00	\$3.21
Plus Class I Differential	1.75	1.75	1.75	1.75
Supply-Demand Adjustment	0.04	0.04	0.04	0.00
Class I Price, 3.5% Butterfat	\$5.84	\$5.61 ^{1/}	\$5.79 ^{1/}	\$4.96

Supply-Demand Comparison: 1st and 2nd preceding months: June and July
Supply: Lbs. Producer Milk (June 18,741,633 and July 17,328,501) 36,070,134
Demand: Lbs. Net Class I Milk (June 14,477,336 and July 14,216,173) 28,693,509
Utilization Percentage: Producer milk divided by Class I 126
Standard Utilization Percentage: Range 128-132 128
Net Deviation Percentage: Utilization minus Standard Utilization Minus 2
Supply-Demand Adjustment: 2 cents x 2 percentage points Plus \$0.04

Since the supply in relation to the demand is less than the desired standard, the price is increased 4 cents per hundredweight (2 cents x 2 percentage points).

^{1/} July 1966 Weighted Average Price - \$5.767

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

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JULY 1966	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		14,321,319	3.529		
Less Other Source		356,388	2.820		
Producer Milk Class I	80.6	13,964,931	3.546813	\$5.807259	\$810,979.71
Gross Class II		4,481,141	4.293		
Less Other Source		1,117,571	1.268		
Producer Milk Class II	19.4	3,363,570	5.297407	4.753874	159,899.88
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	17,328,501	3.886614		\$970,879.59
Add Fractional Adjustment					.07
Add Value of Overage					3.30
Add Value of Other Source Receipts					
Prorated to Class I and Location Adj.		101,894			4,365.82
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,377.19
TOTAL VALUE AT TEST		17,430,395	3.874278	\$5.643165	\$983,625.97
Less Test over 3.5% @ 8.4¢ per point		17,430,395	.374278	.314394	54,800.12
TOTAL UTILIZATION VALUE AT 3.5%		17,430,395	3.5	\$5.328771	\$928,825.85
Less Reserve Per \$1090.71(f)		17,430,395		.048771	
WEIGHTED AVERAGE PRICE - 3.5% TEST		17,430,395	3.5	\$5.28	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		101,894	3.5	\$5.28	5,380.00
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		17,328,501	3.5		\$923,445.85
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,199,167	\$3.28	\$39,332.68	
Total Value of Excess Milk		1,199,167	3.28	39,332.68	
Less Prod.-Settlement Fund Reserve @ 4¢		1,199,167	.04		479.67
UNIFORM EXCESS PRICE - 3.5% TEST		1,199,167	\$3.24		\$ 38,853.01
Total Value of Base Milk		16,129,334	5.481399		884,113.17
Less Producer-Settlement Fund Reserve		16,129,334	.041399		6,677.38
UNIFORM BASE PRICE - 3.5% TEST		16,129,334	\$5.44		\$877,435.79

JULY 1966 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANT
BUTTERFAT DIFFERENTIAL 8.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$5.02	\$2.82	4.0	\$5.86	\$3.66	5.0	\$6.70	\$4.50
3.05	5.062	2.862	4.05	5.902	3.702	5.05	6.742	4.542
3.1	5.104	2.904	4.1	5.944	3.744	5.1	6.784	4.584
3.15	5.146	2.946	4.15	5.986	3.786	5.15	6.826	4.626
3.2	5.188	2.988	4.2	6.028	3.828	5.2	6.868	4.668
3.25	5.23	3.03	4.25	6.07	3.87	5.25	6.91	4.71
3.3	5.272	3.072	4.3	6.112	3.912	5.3	6.952	4.752
3.35	5.314	3.114	4.35	6.154	3.954	5.35	6.994	4.794
3.4	5.356	3.156	4.4	6.196	3.996	5.4	7.036	4.836
3.45	5.398	3.198	4.45	6.238	4.038	5.45	7.078	4.878
3.5	5.44	3.24	4.5	6.28	4.08	5.5	7.12	4.92
3.55	5.482	3.282	4.55	6.322	4.122	5.55	7.162	4.962
3.6	5.524	3.324	4.6	6.364	4.164	5.6	7.204	5.004
3.65	5.566	3.366	4.65	6.406	4.206	5.65	7.246	5.046
3.7	5.608	3.408	4.7	6.448	4.248	5.7	7.288	5.088
3.75	5.65	3.45	4.75	6.49	4.29	5.75	7.33	5.13
3.8	5.692	3.492	4.8	6.532	4.332	5.8	7.372	5.172
3.85	5.734	3.534	4.85	6.574	4.374	5.85	7.414	5.214
3.9	5.776	3.576	4.9	6.616	4.416	5.9	7.456	5.256
3.95	5.818	3.618	4.95	6.658	4.458	5.95	7.498	5.298

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/} Per Hundredweight				HANDLER CLASS PRICES ^{1/}			
	Uniform	Base	Excess	Bf.Dif.	Class I		Class II	
					Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
July '65	\$4.40 ^{2/}	\$4.62	\$2.62	7.4¢	\$4.95	7.7¢	\$2.66	6.8¢
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	4.85	-	-	8.0	5.09	8.2	3.35	7.3
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan. '66	4.82	-	-	7.8	5.22	8.2	3.22	6.8
Feb.	4.87	-	-	7.6	5.18	7.7	3.01	7.1
Mar.	4.89 ^{2/}	5.00	3.04	7.8	5.33	8.0	3.08	7.3
Apr.	4.85 ^{2/}	5.06	3.00	7.8	5.45	8.2	3.04	7.2
May	4.79 ^{2/}	4.97	3.02	8.0	5.45	8.2	3.06	7.3
June	4.87 ^{2/}	5.01	3.08	8.0	5.45	8.3	3.12	7.6
July	5.28 ^{2/}	5.44	3.24	8.4	5.767 ^{4/}	8.6	3.28	8.2
Aug.	-	-	-	-	5.84	9.3	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%			PRICE QUOTATIONS			Basic Formula \$-cwt-3.5%
	4 Tenn.	Butter	4 Tenn.	Chi.92°	Chi.Area	Minn/Wisc.	
	Milk Mfg.	Powder	Milk Mfg. \$-cwt-4%	Butter ¢ Lb.	Powder ¢ Lb.	Mfg. Milk \$-cwt-3.5%	
July '65	2.66	3.17	3.000	59.00	14.24	3.21	3.21
Aug.	2.65	3.25	3.000	61.03	14.31	3.25	3.25
Sept.	2.72	3.30	3.081	62.22	14.21	3.29	3.29
Oct.	2.75	3.33	3.106	62.89	14.31	3.34	3.34
Nov.	2.83	3.35	3.194	63.27	14.42	3.39	3.39
Dec.	2.90	3.36	3.269	63.45	14.31	3.47	3.47
Jan. '66	3.01	3.22	3.350	59.33	14.54	3.47	3.47
Feb.	3.01	3.32	3.363	61.80	14.59	3.58	3.58
Mar.	3.08	3.39	3.450	63.40	14.81	3.68	3.68
Apr.	3.04	3.48	3.400	62.80	16.02	3.64	3.64
May	3.06	3.55	3.425	63.54	16.70	3.65	3.65
June	3.12	3.65	3.500	65.99	16.81	3.82	4.00 5/
July	3.28	4.02	3.688	71.19	18.83	4.05	4.05

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK <u>3/</u>			PRODUCER DATA <u>3/</u>				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
July '65	11	645,694	472,016	459,130	595,853	531,033	663	899	801	98	3.89
Aug.	11	656,906	474,674	463,031	611,907	-	661	926	-	-	3.87
Sept.	11	693,671	572,696	560,352	655,522	-	661	992	-	-	3.93
Oct.	11	673,905	561,613	553,950	646,998	-	660	980	-	-	4.14
Nov.	11	661,931	567,822	562,847	637,400	-	667	956	-	-	4.20
Dec.	11	660,110	507,814	502,279	635,256	-	666	954	-	-	4.23
Jan. '66	11	662,874	531,241	526,225	634,748	-	664	956	-	-	4.20
Feb.	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22
Mar.	11	671,086	526,847	517,608	637,348	600,154	660	966	909	57	4.06
Apr.	11	726,873	528,830	522,390	686,157	617,814	653	1,051	946	105	3.93
May	11	709,820	498,267	492,037	669,259	606,628	646	1,036	939	97	3.95
June	11	664,459	492,255	477,148	624,721	579,064	642	973	902	71	3.90
July	9	606,531	461,978	450,482	558,984	520,301	601	930	866	64	3.89

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Weighted Average - July 1-4 Price \$5.61 and July 5-31 price \$5.79^{5/} July 1-4, Basic Formula was Minn./Wisc. price \$3.82